

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BELLSOUTH TELECOMMUNICATIONS,)	
INC.'S PROPOSED OPTIONAL EXPANDED)	CASE NO. 97-404
EXTENDED AREA CALLING SERVICE)	

O R D E R

On September 8, 1997, BellSouth Telecommunications, Inc. ("BellSouth") filed revised pages in Section A3 of its General Subscriber Services tariff. BellSouth seeks approval for the expansion of Area Calling Service ("ACS"). Under ACS, BellSouth's full local calling area will consist of its existing local calling area plus the expanded calling area as described in its tariff. BellSouth plans to implement the new calling areas on October 8, 1997.

The ACS Plan enables residential customers to call any location in the expanded local calling area for a flat rate of \$30.50 in Louisville and \$29 per month in the remainder of the state. Business customers will pay \$88 and \$82, respectively. In addition, BellSouth offers a discounted plan wherein customers pay a reduced basic monthly rate and reduced usage charges for calls to the expanded calling area. Customers not selecting ACS will continue to be charged for calls to that area at tariffed toll rates.

The Commission has approved expanded calling plans of this nature when certain conditions are met. First, the plans must encompass a community of interest and there

must be adequate customer demand for the service. Second, the pricing of the service must produce revenue neutrality and not affect the rest of the general subscribership through revenue shortfalls or excessive profits of the utility.¹

BellSouth states that the expanded calling area in the affected exchanges reflects their communities of interest and there is a significant demand from those customers. BellSouth's proposed tariff for ACS contains rates that have been designed to be revenue neutral based on an expected stimulation of demand and is projected to have a negligible impact on its revenues. The Commission, therefore, finds that the proposed tariff should be approved.

On November 27, 1996, BellSouth filed its fourth annual revenue analysis of ACS. This analysis showed that ACS has continued to be the service of choice for an increasing number of customers without creating the need for additional revenue from other services. As part of its filing, BellSouth requested that the requirement for an annual evaluation be removed. ACS was introduced approximately six years ago. Each of the annual studies has demonstrated that the mandates required in Administrative Case No. 285 have been satisfied. Although the Commission is approving an expansion of the ACS herein, its impact will be minimal. Thus, the Commission removes the annual revenue requirement analysis. BellSouth states that it will continue to monitor the calling needs of its customers and propose expansions of ACS as needed. The Commission finds this reasonable but

¹ Administrative Case No. 285, An Investigation Into the Economic Feasibility of Providing Local Measured Service Telephone Rates in Kentucky. Order issued October 25, 1990.

advises BellSouth to inform the Commission in the event of any significant changes which may require modification to the ACS plan.

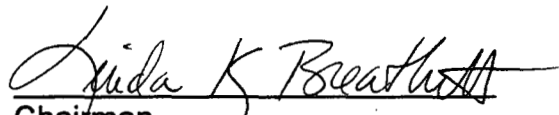
The Commission, having considered BellSouth's proposed tariff and having been otherwise sufficiently advised, HEREBY ORDERS that:

1. BellSouth's proposed tariff to implement ACS is approved for service rendered on and after October 8, 1997.

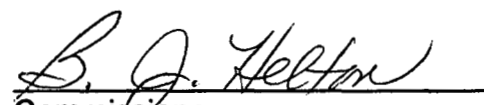
2. The annual revenue requirement analysis filed November 27, 1996 is reasonable and no further annual revenue requirement analysis for ACS is required.

Done at Frankfort, Kentucky, this 6th day of October, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director